CHAPTER 4

RECEIPT AND DUE-IN TRANSACTIONS

A. GENERAL

Acres :

- 1. This chapter prescribes standard procedures for transmitting information about incoming materiel between. ICPs and storage activities. It also provides for processing materiel receipt documentation from the storage activity where materiel is received to the office where the accountable inventory control record is maintained. The procedures require timely establishment of procurement on-order records and expeditious reflection of assets in the accountable inventory control records and related financial accounts.
- 2. Documentation covering consignment of material to storage activities is prescribed in other DoD and Service/Agency regulations. These documents are used, together with information developed by inspection and classification procedures, as source data for documenting transactions in terms of this manual. The distribution of disbursement, procurement, and transportation documentation by storage activities is also governed by existing regulations and is, therefore, not a consideration here.
- 3. When data reflected in consignment documentation are converted into MILSTRAP receipt transactions, recording of receipts within the DoD is standardized and complements the principles established in other chapters of this manual.

B. DUE-IN TRANSACTIONS

- 1. Due-in transactions are used in establishing and canceling due-in records and when transmitting due-in establishment and cancellation actions between SCAS and ICPs. These transactions are identified by DI codes in the DD series for material due-in from procurement instrument sources and in the DF series for material due-in from other than procurement instrument sources.
- 2. Prepare due-in transactions in the appendix **Cll** or C13 format. When punched card transactions are used, prepare them on the DD Form 1486 (see appendix A3).

c. PRE-POSITIONING DOCUMENTS FOR RECEIPTS

1. Services/Agencies managing the distribution system(s) may prescribe that ICPS transmit advance notification of scheduled materiel receipts to storage activities. Use PMRs, prepared in the appendix C38 or C39 format and identified by DI codes in the DU_ or DW_series, for this purpose. When punched card transactions are used, prepare them on DD Form 1486 (see appendix A3).

- 2. Storage activities receiving PMRs will maintain them in a suspense file pending receipt of the materiel or of PMR updates from the \mathbf{ICP} .
- 3. Upon arrival of the materiel, storage activities will use the PMR suspense records to report the receipt to the ICP. Change or add only those suspense record data elements which are required to prepare the materiel receipt transactions shown in appendix Cl or C2. Assure that the DI codes in the materiel receipt transactions are changed to D4_ for DU_ suspense records and to D6_ for DW_ suspense records. Absence of a PMR is not to delay prompt recording and reporting of materiel receipts.
- 4. Deletion of pre-positioned suspense records is controlled by the ICP. To delete a suspense record, the ICP will transmit a reversal (n-zone punch in record position 25) of the original PMR to the storage activity. New PMRs and replacement PMRs for deleted documents do not contain the reversal punch. Proper and accurate maintenance of the PMR suspense file by storage activities is extremely important.

D. <u>MATERIEL RECEIPTS (PROCUREMENT INSTRUMENT SOURCE)</u>

- 1. Storage activities will report receipts of materiel from procurement instrument sources to \mathbf{ICPs} using materiel receipt transactions citing a \mathbf{DI} code in the $D4_{-}$ series (see appendix CI). When punched card transactions are used, prepare them on the \mathbf{DD} Form 1486 (see appendix A3). In distribution systems where receipts are reported by storage activities to SCAS, the SCA will also use this transaction to report the receipts to the $\mathbf{ICP}.$ (For logistically reassigned items, report receipts after the ETD in accordance with chapter 11. However, also see section H procedures for reporting receipts of discrepant/deficient shipments.) \mathbf{DI} codes for reporting procurement receipts for depot inventory are assigned and explained in appendix $\mathbf{B1}.$
- 2. Receipts from vendors can emanate from central procurement or local procurement actions. Authorized procurement delivery documents should accompany each shipment as prescribed in the FAR (reference (i')).
- 3. When shipments of materiel received from commercial sources require inspection and/or acceptance at destination, storage activities will accomplish the inspection and/or acceptance and the in-check operations as concurrent actions.
- (a) Inspect shelf-life material for appropriate condition and type of shelf-life code in accordance with applicable Service/Agency prescribed procedures based on DoD 4140.27-M, (reference (c)). Mark material, as appropriate, for shelf-life code and supply condition code upon receipt. Package markings will be in accordance with MIL-STD-129 (reference (j)).

- (b) Based on inspection, storage activities will prepare separate material receipt transactions indicating the actual condition of the material received. Prepare material receipt transactions for discrepant shipments from commercial sources in accordance with the guidelines provided in section H_{\bullet}
- 4. Complete the material receipt transaction by changing or adding to data in the PMR suspense record, a's explained in paragraph C.3. above, or by extracting data from the consignment documentation.

E. MATERIEL RECEIPTS (OTHER THAN PROCUREMENT INSTRUMENT SOURCE)

- 1. Storage activities will report receipts of materiel from other than procurement instrument sources to ICPS using materiel receipt transactions citing a DI code in the D6_series (see appendix C2). When punched card transactions are used prepare them on the DD Form 1486 (see appendix A3). In distribution systems where receipts are reported to SCAs, the SCA will also use this transaction to report the receipts to the ICP. (For logistically reassigned items, report receipts after the ETD in accordance with chapter 11. However, also see section F. procedures for reporting receipts of discrepant/deficient shipments.) DI codes to report nonprocurement receipts for depot inventory are assigned and explained in appendix B1.
- 2^{\star} Complete the material receipt transaction by changing or adding to data in the PMR suspense record, as explained in paragraph C.3., or by extracting data from the consignment documentation.

F. TIME STANDARDS FOR PROCESSING RECEIPTS

- 1. One objective of the MILSTRAP system is to process receipts through the storage activity, irrespective of geographical location, and reflect them on both the locator and the accountable records with minimal delay. Wholesale activity receipt processing performance will, therefore, be measured in two segments:
- designated receiving activity to date when storage location/proof of storage is posted in storage activity records. Materiel is considered to be in storage when it reaches the first location (either temporary or permanent) where actual storage control exists through locator data and the materiel can be issued in response to materiel release documentation.
- b. Date materiel is turned over by the carrier to the designated receiving activity to date of posting to the onhand balance of accountable stock record file or in-process receipt file.
- 2. MILSTRAP performance standards for processing receipts through these time segments are as follows:

- a. Receipts from new procurement and redistribution will be processed through segments one and two within 7 calendar days.
- b. All other receipts will be processed through segments one and two within 10 calendar days.
- 3. Report wholesale activity receipt processing effectiveness in the ICE Report, RCS DD-P&L(Q&SA) 935, as prescribed by chapter 7, subparagraph $J \cdot 2 \cdot b$. The acceptable DoD performance goals for receipt processing are: percent posted within the time standard, 90 percent; percent stored within the time standard, 90 percent. When computing the overall performance against the above time standards, include receipt transactions frustrated for a long period of time prior to posting/storing.

G. CONTROL OF RECEIPTS

- 1. Storage activities will establish these receipt control procedures for posting information relating to the status of materiel in the storing cycle. The cycle begins with the release of materiel and documents into custody and control of the receiving activity.
- 2. After the materiel has been physically received but prior to or concurrent with movement to storage, storage activities will accomplish the following actions:
- (a) Establish a transaction suspense record to record the materiel as an in-process receipt.
- (b) Prepare and transmit the materiel receipt transaction to the ICP within the prescribed timeframe (see section F. above).
- 3. When the storage activity receives requisitions or materiel release orders and there is not sufficient materiel available on the onhand balance of the stock record (physically stored), a check will be made of the in-process receipt suspense file to determine if there is an in-process quantity to fully or partially satisfy the requisition document. When in-process receipts are recorded, fill priority 01-08 requirements from these receipts. Defer the filling of priority 09-15 requirements from in-process receipts until proof of storage is recorded.
- 4. Storage activities will periodically refer to the suspense file of in-process receipts to expedite the storage of materiel delayed beyond authorized receipt processing timeframes. Expedite the storing of materiel for which issues have been deferred pending storage.
- 5. After proof of storage is received, storage activities will clear the suspense record, update the storage locator record, and release the deferred issues.

6. As an additional aid in control of receipts, ensure that appropriate storage activity records (e.g., stock locator) reflect the date of the last receipt of an item and storage information (e.g., date of storage or some other code indicating that storage has been reported).

H. SUBMITTING REPORTS OF DISCREPANT/DEFICIENT RECEIPTS

- 1. In addition to processing and reporting material receipts, storage activities will submit reports for all discrepant/deficient receipts in accordance with the procedures and forms prescribed by the following:
- **a.** Joint Regulation DLAR 4140055/AR 735-II-2/SECNAVINST **4355.18/AFR** 400.54/MCO 4430.3 (reference (k)).
- b. Joint Regulation AR 55-38/NAVSUPINST 4610.33/AFR 75-18/MCO P4610.19/DLAR 4500.15 (reference (I)).
- c. Joint Regulation DLAR 4155.24/AR 702-7/SECNAVINST 4855.5/AFR 74-6/MCO 4855.5 (reference (m)).
- d. Joint Regulation DLAR 4140.60/AR 12-12/SECNAVINST 4355.17/AFR 67-7/MCO 4140.1 (reference (n)).
- e. Joint Regulation DLAR 4155.3/AR 30-12/NAVSUPINST 4355.2/AFR **74-5/MCO** 10110.21 (reference (o)).
- f. Other DoD and joint or intra-Service/Agency regulations governing discrepancies/deficiency es not covered by the above.
- 2. Neither the dollar value nor the timeframes for submitting discrepancy/deficiency reports apply for reporting the materiel receipt to the cognizant ICP. The receipt reporting timeframes are prescribed by section F. above. The procedures for reporting receipt of discrepant/deficient shipments to the ICP are prescribed by section I. below.

I. PROCESSING DISCREPANT/DEFICIENT RECEIPTS

1. General

a. Upon receipt of all incoming materiel shipments, from procurement and **nonprocurement** sources, storage activities will research all available documentation and item markings to determine the receipt data (i.e., document number, NSN, or other item identification number, PMR or due-in data, quantity, condition, inspection/acceptance requirements, etc.). Using this data, storage activities will determine if a discrepancy/deficiency (hereafter referred to as discrepancy or discrepant) exists and will identify its nature.

- (1) **Not** all discrepant receipts require submission of . . discrepancy reports. Storage activities **will** follow the section H. procedures to determine whether a discrepancy report must be submitted.
- (2) Management Codes R, S, and U have been assigned in appendix B7 as discrepant receipt indicators for use in receipt transactions when the section H. procedures require submission of a discrepancy report. The purpose of the discrepant receipt indicators is to notify the ICP in advance that a receipt was discrepant and that a discrepancy report is being submitted which will provide additional information relating to the reported item. Codes S and U are entered only for DI Code D4 receipts and identify vendor caused misdirected shipments and contract overshipments. These discrepancies, which occur more frequently and are more easily resolved than others, are separately identified so ICPs can initiate immediate corrective action before the formal report of discrepancy is received.
- (3) When part of a receipt is not affected by a discrepancy requiring submission of a discrepancy report, the following receipt reporting procedures may require storage activities to report the nondiscrepant quantity in a separate transaction without citing the discrepant receipt indicator. Additionally, the discrepant receipt indicator is not used when special circumstances require the use of another management code (e.g., M for automatic disposal by the storage activity, P for storage activity created document number, or Z for explanatory remarks) even though submission of a discrepancy report is required. Prescribed omission or replacement of the discrepant receipt indicator in the receipt transaction does not negate the section H. requirements to submit a discrepancy report.
- (4) Never enter the discrepant receipt indicator in transactions for discrepant receipts if the section H. procedures do not require submission of a discrepancy report.
- b. When materiel is received without accompanying documentation, or with inadequate documentation to process the receipt, storage activities will use one of the following data sources to develop materiel receipt transactions:
 - (1) **Pre-positioned** material receipt documents.
- (2) Authorized procurement delivery documents and vendor packing lists.
 - (3) Advance copies of **DD** Forms 1348-1, or **DD** Forms 1149.
 - (4) Transportation and fiscal records.

- (5) Container markings.
- (6) Advice provided by **theICP** upon request of the storage activity if receipt documentation cannot otherwise be developed.
- (7) Advice provided by the shipper upon request of the storage activity if receipt documentation cannot otherwise be developed.
- (8) Advice provided by the U.S. Customs Inspector's Office upon request of the storage activity if the receipt documentation cannot otherwise be developed for receipts which passed through customs.
- c. Normally when a discrepant receipt is retained in U.S. Government custody, whether or not it is U.S. Government-owned, storage activities will store the materiel, submit a DI Code D4/D6 receipt to the cognizant ICP for recording on the accountable record, and hold the materiel pending receipt of disposition. For improbable situations, storage activities will use exception transactions (i.e., code Z in the third position of the DI code and/or Management Code Z in record position 72). In these situations, storage activities will provide to the cognizant ICP a separate written explanation which includes the receipt transaction document number and the discrepancy report number when a discrepancy report was required.
- d. If unusual circumstances prevent normal receipt reporting of discrepant shipments, the storage activity will communicate with the ICP or the CAO/PO to determine how the discrepancy report should be submitted and the receipt reported. When the ICP determines that the receipt reporting will be delayed pending subsequent action, the storage activity must control the receipt by physically segregating and monitoring the status of the materiel until the receipt is reported or until the ICP directs other disposition (e.g., reshipment, return to shipper, etc.). This paragraph applies only when circumstances exist which prevent normal receipt reporting.
- e. Report discrepant receipts on items which have been logistically reassigned as follows:
- (1) Report all receipts for which <code>PMRs</code> are established to the LIM or to the <code>GIM</code> in accordance with Chapter 11, Logistic Reassignments, procedures.
- (2) Research procurement receipts for which no PMR is recorded in coordination with the recorded item manager. The item manager will direct the appropriate reporting of the receipt in accordance with the Chapter 11, Logistic Reassignments, procedures to assure accurate accountability of the assets is maintained.

- (3) Report nonprocurement receipts for which no PMR is established directly to the GIM. The absence of a memorandum due-in "'" will identify the transaction to the GIM as a receipt not-from-due for which transfer/decapitalizati on is not required.
- f. When receipts are reported by a storage activity outside the normal distribution system for the NSN, the ICP will record the receipt on the accountable record so assets are issued from that site first. ICPS will effect disposition of such materiel as quickly as possible. If the materiel is not issuable, the ICP will direct repair induction, reclassification, relocation, or disposal using the appropriate transaction prescribed by DoD MILSTRAP or MILSTRIP (reference (h)). Before directing a bulk movement of reported materiel, ICPs must review the action in accordance with DoD Instruction 4140.49 (reference (p)).
- g. Separate and/or secure storage may be required for procurement discrepancies, discrepancies imposing a health/safety hazard, classified risk, etc. When these situations exist, storage activities will take protective measures in accordance with established DoD or Service/Agency procedures.

2. <u>Receipt Reporting for Discrepant Shipments from Procurement Instrument Sources</u>

- a. When acceptance is accomplished at a point other than destination, storage activities may not reinspect supplies at destination for acceptance purposes. However, storage activities will examine such supplies at destination for identity, damage in transit, quantity, and condition (including proper packing/packaging and labeling). The U.S. Government's right to litigate a discrepant receipt is not affected by the point of acceptance. Consequently, storage activities will report discrepancies detected during the destination examination in accordance with the regulations cited in section H.
- b. Shipment of procurement receipts directly to disposal is not authorized unless unusual circumstances (e.g., health/safety hazard, etc.) exist and separate/secure storage facilities, addressed in subparagraph I.l.g. above, are not available. When unusual circumstances require that materiel be shipped directly to the property disposal activity (or that other disposal actions be taken as prescribed by the Services/Agencies), the storage activity will first report the receipt using a DI Code $D4_$, Materiel Receipt transaction citing Supply Condition Code L and Management Code R (discrepant receipt indicator). The disposal action will then be reported using a DI Code DAC, Dual Inventory Adjustment transaction citing Supply Condition Code H and Management Code M (excludes shelf-life materiel) or Management Code T (expired shelf-life materiel).

- c. When the receipt cannot initially be identified to an NSN, the procurement instrument and subparagraph I.1.b. sources will be used to identify the item.
- d. Unless otherwise allowed by these procedures, storage activities will report discrepant shipments from a procurement instrument source to the ICP using a DI Code D4 Materiel Receipt transaction, the NSN of the item received, and the applicable owner-ship/purpose code (normally taken from the DI Code DU PM R). In receipt transactions for discrepant quantities, cite Supply Condition Code L as noted in the next paragraph. Include Management Code R (discrepant receipt indicator) when a discrepancy report was required, except as prescribed in subparagraph $I \cdot 1 \cdot c \cdot$ or the following subparagraph.
- **e.** Follow the subsequent procedures to report receipt of **discrepant** shipments from procurement instrument sources (these categories are not mutually exclusive; multiple discrepancy conditions may exist for a single receipt:
- (1) Condition of Materiel. Storage activities will report the actual discrepant quantity as a condition L receipt. Report the nondiscrepant quantity in-the actual condition received and do not cite a discrepant receipt indicator in the transaction.
- (2) <u>supply Documentation</u>. Absence of the supply documentation should not preclude receipt processing and reporting or subsequent issue of the materiel. Storage activities will research in accordance with subparagraph $I_{\bullet}.1.b.$ to report the receipt. The section H. discrepancy reporting requirements still apply.
- (3) <u>Misdirected Shipments</u> (improperly addressed by the procurement instrument source). Storage activities will contact the cognizant ICP to ensure that the procurement instrument requirements (i.e., inspection, acceptance, etc.) are complied with. Report the total quantity in the actual condition received (normally A) and enter Management Code S in record position 72 of the" transaction. Upon receipt of the DI Code D4 transaction and prior to posting the receipt as available for <code>issue</code>, <code>ICPs/SCAs</code> will initiate immediate action to resolve the discrepancy in accordance with the paragraph 1.4. procedures. If the <code>ICP</code> or <code>CAO/PO</code> directs reshipment/return of a reported receipt without issuing <code>MILSTRIP</code> (reference (h)) materiel release documentation, the storage activity will submit a reversal (n-zone punch in record position 25) of the previously submitted materiel receipt transaction.
- (4) Overage/Duplicate Shipment. Storage activities will research PMR. receipt, and contract documentation to determine the discrepant quantity". 'Report confirmed duplicate shipments as discrepant condition L receipts. When overages are valued above the contract variance clause, or above the excess delivery clause (after

considering any allowable variance), report the overage <u>above the allowable variance</u> as a discrepant condition <u>L</u> receipt and enter - Management Code U in record **position** 72 of the transaction. ICPS will initiate immediate **action** to resolve the discrepancy upon receipt of the **DI** Code D4_ transaction (see paragraph 1.4.). Overages within the allowable variance or within the excess delivery clause (after considering any allowable **variance**) are not considered discrepant. Report the total quantity as a single receipt in the applicable condition, and do not cite a discrepant receipt indicator in the transaction.

- (5) Packaging Discrepancy. Storage activities will report the total discrepant quantity as a condition L receipt. Report any acceptable quantity in the applicable condition and do not cite the discrepant receipt indicator in the transaction. The ICP and/or the CAO/PO will determine whether litigation is required. If litigation is not required the ICP will request that the suspended assets be transferred to the appropriate condition.
- (6) <u>Shortages</u>. Storage activities will research PMR, receipt, and contract documentation to determine the discrepant quantity. For shortages, report the total quantity in the condition received. Except for shortages attributed to transportation discrepancies, the receipt will be considered discrepant only if the shortage exceeds the allowable contract variance. When the receipt is discrepant, cite the discrepant receipt indicator in the receipt transaction. The ICP is responsible for initiating followup on delinquent receipts.
- (7) Item Technical Data Marking (includes nameplates, logbooks, operating handbooks, special instructions, etc.). Storage activities will report any nondiscrepant quantity as a receipt in the applicable condition without citing the discrepant receipt indicator in the transaction. Report the discrepant quantity as a condition L receipt, and identify and describe the specific technical data discrepancy in the SF 364 for ICP evaluation. If the ICP determines the assets can be issued, the ICP will initiate action to transfer the suspended assets to the appropriate condition.
- (8) <u>Wrong Item</u>. Storage activities will report the total incorrect quantity of the item received in condition L. Report any assets in the shipment which are the correct item in the applicable condition and do not cite the discrepant receipt indicator in the transaction. If the majority of the assets are the incorrect item, the storage activity may report the total quantity in condition L based on internal Service/Agency procedure.
- (9) <u>Product Quality Deficiency.</u> It is normally preferable for the receiving activity to retain custody of the materiel, whether or not it has been accepted, and report the deficient quantity as a condition L receipt. The ICP or CAO/PO will determine

- if litigation or informal action with the procurement instrument source should be initiated. If litigation or informal action will not be taken, the ICP will initiate action to transfer the suspended assets to the appropriate condition.
- (10) Transportation Discrepancies. When materiel **is** accepted by the Transportation Officer, the 'receipt will be processed and reported in accordance with procedures cited above for the type of discrepancy which exists (e.g., subparagraph e.(I), Condition of Materiel, for damage, etc.).
- (11) Other Discrepancies. Receipt reporting will depend upon the type of discrepancy involved. When unusual circumstances exist, the receipt and discrepancy reporting requirements provide sufficient time for the storage activity to obtain guidance from the appropriate authority before reporting the receipt or submitting discrepancy report. See subparagraph I.l.d. for storage and accountability requirements.
- 3. Receipt Reporting for Discrepant Shipments from Non-procurement Instrument Sources
- a. When the receipt cannot initially be identified to an NSN, the storage activity will attempt to identify the NSN or usage by following the subparagraph I.1.b. procedures and report the receipt to the cognizant ICP.
- (1) If the NSN cannot be identified and the estimated value of the item is under \$100, storage activities will not report the receipt to an ICP. Ship the materiel directly to disposal using a local document number. Retain an accessible record of the transaction and its backup for two years.
- (2) If the NSN cannot be identified and the estimated value of the item is \$100 or more, the storage activity will contact the ICP managing like items to determine disposition. If the ICP can identify the NSN, the ICP will direct the storage activity to submit the receipt and SF 364 to the cognizant ICP. If the ICP cannot identify the NSN, the ICP will provide disposition instructions to the reporting activity. These instructions will include an item identification number (part number, MCN, LCN, etc.) for reporting the receipt and submitting the SF 364. If the ICP directs shipment to disposal, the ICP will maintain an accessible record of the transaction and its backup for two years.
- b. Unless otherwise allowed by these procedures, storage activities will report discrepant shipments from a nonprocurement instrument source to the ICP using a DI Code $D6_$ Materiel Receipt, the NSN of the item received, and the applicable ownership/purpose

code (normally from the **DI** Code DW_ **PMRD**). In receipt transactions for discrepant quantities, cite the supply **condition** code which most accurately describes the condition of the materiel. Classify and report the materiel in condition K when the actual condition cannot be determined. Include Management Code R (discrepant receipt indicator) when a discrepancy report was required, except as prescribed **in** subparagraph **I.1.c.** above or the following subparagraph.

c. The following procedures apply for" reporting receipt of discrepant/deficient shipments from nonprocurement sources (these categories are not exclusive; multiple discrepancy conditions may exist for a single receipt):

(1) Condition of Materiel

- (a) When inspection of inter-Service/Agency receipts reveals materiel to be Supply Condition Code H and no PMR is recorded, storage activities will automatically ship discrepant materiel valued at less than \$100 per item direct to the property disposal. activity or take other automatic disposal actions based on criteria promul-gated by the Services/Agencies. This includes Type I shelf-life materiel which has passed the expiration date regardless of value. When automatic disposal action is taken, cite Supply Condition Code H and Management Code M (excludes shelf-life materiel) or Management Code T (expired shelf-life materiel), in lieu of the discrepant receipt indicator, in the receipt transaction for the discrepant quantity.
- (b) Report discrepant quantities other than those mentioned above citing the applicable supply condition code, or code K when the condition cannot be determined.
- (c) Report receipt of **nondiscrepant** quantities in the normal manner and do not cite the discrepant indicator in the transaction.
- (2) Supply Documentation. Absence of the supply documentation should not preclude receipt processing and reporting or subsequent issue of the materiel. Storage activities will research in accordance with subparagraph I.l.b. to report the receipt. The above section H. discrepancy reporting requirements still apply. When the document number in the receipt transaction must be created by the storage activity, cite Management Code P in lieu of the discrepant receipt indicator in the transaction.
- (3) <u>Misdirected Shipments</u> (improperly addressed by the supply activity). Storage activities will report misdirected shipments as receipts to the cognizant **ICP**. ICPS will effect disposition using the appropriate **MILSTRIP** (reference (h)).

- (4) Overage/Duplicate Shipment. Storage activities will be unable to identify a receipt as a duplicate. If no PMR is recorded, the storage activity will report the receipt in the applicable condition and cite the discrepant receipt indicator in the transaction. ICPS will process such receipts as unauthorized returns or receipts not-from-due. For overages, report the total quantity received as a single receipt in the applicable condition.
- (5) Packaging Discrepancy. Storage activities will report the total quantity received as a **single** transaction in the applicable condition. The storage activity-will schedule the discrepant quantity for preservation/packaging in accordance with Service/Agency criteria.
- (6) Shortages. For shortages, storage activities will report the total quantity received in the applicable condition. The ICP will initiate any necessary financial adjustment action. The ICP is responsible for initiating followup on delinquent receipts.
- (7) Item Technical Data Marking (includes nameplates, logbooks, operating handbooks, special instructions, etc.). Storage activities will report any nondiscrepant quantity in the applicable condition without citing discrepant receipt indicator in the transaction. Report the discrepant quantity as a condition D receipt. Identify and describe the specific technical data discrepancy in the SF 364 for ICP evaluation. If the ICP determines the asset can be issued, the ICP will initiate action to transfer the asset to the appropriate condition.

Wrong Item. Storage activities will report the receipt in the applicable condition. If both correct and incorrect items" are received in the same shipment, report each separately. Omit the discrepant receipt indicator in the transaction for the correct item.

- (9) Product Quality **Deficiency.** Product quality deficiency receipts should be determined based on the supply condition code cited in the PMR. Product quality deficiency receipts from ICP directed returns are not discrepant receipts and will be receipt reported in the normal manner. **Do** not cite the discrepant indicator in the transaction.
- (10) Transportation Discrepancies. When materiel is turned over by the Transportation Officer. the receipt will be reported in accordance with the procedures cited above for the type of discrepancy which exists (e.g., condition of materiel for damage, etc.).

(11) Other Discrepancies. Receipt reporting will depend upon the type of discrepancy involved. When unusual circumstances exist, the receipt and discrepancy reporting requirements provide sufficient time for the storage activity to obtain guidance from the ICP before reporting the receipt or submitting the discrepancy report. See subparagraph I.1.d. for storage and accountability requirements.

4. Resolution of Reported Receipt Discrepancies

- a. ICPs will maintain accurate material accountability records and audit trails for reported receipts with evidence of a supply discrepancy. Resolution of these discrepancies requires the establishment of interfaces among the material accountability, procurement, financial accounting, and discrepancy reporting systems.
- b. When discrepant receipts are reported, ICPs will process the transactions and effect the research required to resolve the discrepancy. When materiel received from procurement will be retained in the wholesale inventory, coordinate with the CAO/PO for a contract modification which will recoup any administrative costs and any additional second destination transportation costs or onward shipment (redistribution) costs incurred by the U.S. Government as a result of the discrepancy. For all receipt discrepancies, ensure that procurement/supply due-in records and related financial accounts (including intransit) are corrected to reflect any new receipt status and transmit required update PM R(s) to the storage activity (ies) involved. Care must be taken, however, to suppress PMR output if the corresponding receipt has already been reported (e.g., for overages or misdirected shipments being retained where delivered).
- develop management evaluation and Corrective Action. ICPS will develop management evaluation data for contract overages and vendor cause d misdirected shipments for use in identifying trends or indications of system problems and in initiating corrective action. When the same discrepancy is repeatedly reported on shipments from a given procurement source, the ICP through the CAO/PO will advise the source of the error and request action be taken to correct its repeated occurrence. When a procurement source continues to commit the same error, initiate action to consider inclusion on the Awards Review List or other disciplinary action.

J. FOLLOWUP ON RECEIPTS

When a maximum of 45 calendar days have elapsed since the ship-ping date indicated in shipment notification and receipt has not been confirmed, ICPS will transmit material receipt followups to appropriate storage activities. (Extension of the 45 calendar day time-frame is authorized when long intransit times are involved.) Prepare

followups on expected receipts from procurement instrument sources in the appendix C40 format citing DI Code DXA. Prepare followups on expected receipts from other than procurement Instrument sources in the appendix C41 format citing DI Code DXB. When punched card transactions are used, prepare them on the DD Form 1486 (see appendix A3).

K. REPLY TO MATERIEL RECEIPT FOLLOWUPS

- 1. When materiel has been received, storage activities will respond with a materiel receipt transaction prepared in the appendix CI or C2 format citing the appropriate DI Code in the D4 or D6 series. When punched card transactions are used, prepare them on the DD Form 1486 (see appendix A3).
- 2. When materiel has not been received, the response will be as follows:
- a. Prepare replies to ${\bf DI}$ Code DXA Materiel Receipt Follow-ups (Procurement Instrument Source) in the appendix C42 format citing ${\bf DI}$ Code ${\bf DXC}$.
- b. Prepare replies to **DI** Code DXB Materiel Receipt **Follow-** ups (Other Than Procurement Instrument Source) in the appendix C43 format citing **DI** Code DXD.

L. <u>DUE-IN AND RECEIPTS FROM ASSEMBLY, DISASSEMBLY, CONVERSION, MODIFICATION N, REPAIR, AND TEST</u>

- 1. **ICPs** will record expected receipts as follows:
- a. For end items from assembly, conversion, or modification and components from disassembly, establish DI Code DFL Due-Ins (Other Than Procurement Instrument Source) using the appendix C13 format. Excludes return of repaired end items.
- b. For end items from repair/testing (excluding items being repaired at a maintenance facility), establish ${\tt DI}$ Code DDM Due-Ins (Procurement Instrument Source) prepared in the appendix ${\tt CII}$ format or ${\tt DI}$ Code DFM Due-Ins (Other Than Procurement Instrument Source) using the appendix ${\tt CI3}$ format.
 - 2. Storage activities will report receipts as follows:
- a. For end items from assembly, conversion, or modification and components from disassembly, submit DI Code D6L Materiel Receipts (Other Than Procurement Instrument Source) using the appendix C2 format.

- b. For end items from repair/testing (excluding items being repaired **at** a maintenance facility), submit **DI** Code D4M Materiel Receipts (Procurement Instrument Source) or **DI** Code **D6M** Materiel Receipts (Other Than Procurement Instrument Source) using the appendix CI or **C2** format.
- **c.** For returns of unused materiel originally issued for **performance** of destructive testing, submit **DI** Code D6G Materiel Receipts (Other Than Procurement Instrument Source) using the appendix C2 format.
- d. When one Service/Agency is repairing items for another Service/Agency, the repairing Service/Agency may by mutual agreement:
- (1) Record in the item record under the ownership of the other Service/Agency those reparable items received from activities of the other Service/Agency for repair.
- (2) Notify the owning ICP of these receipts by means of **DI** Code D6A Materiel Receipts (Other Than Procurement Instrument Source) prepared in the appendix C2 format.

M. RECLAIMED ITEMS

- 1. When reclamation activities do not have adequate facilities to test and classify the serviceability condition of reclaimed assets, they will identify such assets as Supply Condition Code R (Suspended Reclaimed Items Awaiting Condition Determination). When receiving storage activities determine that immediate classification of such condition R assets is not possible, they will ensure that the assets are checked/tested and classified to actual condition within established parameters as prescribed by chapter 5, paragraph B.4. of this manual.
- 2. When reclamation activities cite an actual supply condition code (i.e., other than R) for returned materiel, storage activities will cite that condition code when recording and reporting the receipt. However, if inspection upon receipt reveals that the condition assigned by the reclamation activity is incorrect, the storage activity will record and report the receipt citing the actual condition to which the **item** is classified **or condition** K if the actual condition cannot be determined. Materiel reported in Supply Condition Code K must be classified to actual condition within established parameters as prescribed by chapter 5, paragraph B.3. of this manual.

N. LOAN TRANSACTIONS

1. Use appropriate MILSTRAP adjustment and/or receipt transactions to reflect the onhand/due-in and subsequent receipts. Reflect materiel on loan on accountable activity records in the appropriate

purpose code (as prescribed by Service/Agency procedures--usually code L to denote Ioan) or as a DI Code DFN Due-In (Other Than Procurement Instrument Source) depending on the method/system applied. Alignment and format for these due-in transactions are contained in appendix C13.

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- 2. **DI** Code DWN **Pre-positioned** Materiel Receipt Documents (Other Than Procurement Instrument Source) may be used to provide advance notification to activities scheduled to receive returned loaned materiel. **Alignment** and format for PMRs are contained **in** appendix C39.
- 3. Receiving activities will inspect loaned materiel upon receipt. Submit ${\tt DI}$ Code ${\tt D6N}$ Materiel Receipts (Other Than Procurement Instrument Source) using ${\tt the}$ appendix C2 format ${\tt to}$ provide information about the condition and quantity of the returned loaned materiel.
- 4. The ICP is responsible for final determination and resolution of returned Government property from Loan. Establish controls to ensure the materiel is returned in an appropriate condition, i.e., as good as or better than the condition of the original Loan issue. Take appropriate action to resolve any discrepancies and ensure reimbursement to the Loaning activity.

O. MATERIEL RECEIPT ACKNOWLEDGMENT AT THE RETAIL LEVEL

- 1. <u>General</u>. This paragraph prescribes a standard procedure for processing material receipt acknowledgment documents by Military Service activities below the wholesale distribution system, the DAAS (reference (h)), **Service/DLA MILSTEP** CPPS, and **ICPs/SCAs** of the Military Services.
 - 2* <u>Exclusions.</u> These procedures are not applicable to:
 - a. Security Assistance Program transactions.
 - b. Shipments made to the GSA and civil Agencies.
 - c. Shipments made to Coast Guard units.
- d. Nonmechanized Navy afloat units not under the Ships Uniform Automatic Data Processing System.
 - 3. <u>Materiel Receipt Acknowledgment Document (MRAD)</u>
- a. Prepare the MRAD $(DI \; \text{Code} \; D6S)$ in one of the following manners:

- (1) The requisitioner will prepare MRADs, using the appendix C2 format, when posting material receipts ${\bf to}$ the retail inventory record or upon receipt of material at retail level for issues that are not posted to the inventory record.
- (2) For **intra-Service** shipments, Services may elect to have their shipping activity or container consolidation points create the **MRAD** (except date posted to inventory records). MRADs created in this manner will accompany the shipment, and requisitioners will complete the MRADs when the material is received and posted to the retail inventory records.
- **b.** Service/Agency activities limited to formatted teletype message will enter the date of receipt in record positions 67-69 of the O6S. DAAS will convert the modified D6S **to** reflect receipt date in record positions 73-75 prior to sending these transactions to the **MILSTEP** (reference (q)) CPPS.
 - c. Forward the completed MRADs to the DAAS (reference (g)).

4. Processing of MRADs by the DAAS

- a. The DAAS will use the MRADs to update the DAAS Shipment Status Correlation File and, using agreed upon Service/Agency rules, route image documents to other designated activities, e.g., ICPs/SCAs and Service designated control points.
- b. If the document number of the MRAD is not recorded in the DAAS Shipment **Status** Correlation File, the DAAS will retain the MRAD and route an image document to other designated activities using agreed upon Service/Agency rules.
- c. Monthly, the DAAS will screen the Shipment Status Correlation File for delinquent shipments. For purposes of this chapter, a delinquent shipment exists when (a) a DI Code AS_ transaction is recorded in the DAAS Shipment Status Correlation File, (b) 90 days have elapsed since the date of shipment recorded in the AS_ transactions, and (c) no MRAD has been received. For delinquent shipments, the DAAS will prepare MRADs containing DI Code O6S and a D in record position 7. These MRADs will be summarized as outlined in paragraph 0.5.
- d. Monthly, the DAAS will summarize all MRADs including MRADs for delinquent shipments, and furnish the summary to the **Service/DLA** CPPS for preparation of **MILSTEP** (reference (q)) reports.

5. Delinquent Shipment Summary -- MRAD Nonresponse. Quarterly, as of the end of March, June, September, and December, the DAAS will prepare a listing by requisitioning activity, displaying a summary total by issue priority designator of delinquent shipments 90 to 180 days as part 1, and part 2 will contain the delinquent shipments over 180 days. Two copies of the listing will be forwarded to the DoD MILSTRAP System Administrator for determining compliance with MRAD procedures and taking action as appropriate. RCS DD-P&L(M)1113 applies for this reporting requirement.